

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2019-352-C**

Expedited Petition of the Office of Regulatory  
Staff to Suspend and Hold Universal Service  
Fund Disbursements to Frontier  
Communications of the Carolinas, LLC

FRONTIER COMMUNICATIONS OF THE  
CAROLINAS LLC'S INITIAL RESPONSE  
TO ORS PETITION TO SUSPEND AND  
HOLD UNIVERSAL SERVICE FUND  
DISBURSEMENTS

Frontier Communications of the Carolinas LLC ("Frontier") files this initial response to the Petition of the Office of Regulatory Staff ("ORS") for permission to suspend and hold payments from the South Carolina Universal Service Fund ("USF") filed on November 8, 2019.<sup>1</sup>

**Background**

On October 10, 2019, Frontier experienced a service outage event that affected 21 customers in the St. Luke Community of Georgetown County.<sup>2</sup> After several failed attempts, Frontier technicians succeeded in their attempts to restore service on November 1, 2019.<sup>3</sup> As ordered by the Commission, Frontier reported steps it has taken, and will take, to prevent an outage of similar duration from happening again.<sup>4</sup> Frontier contacted each of the affected customers and extended three-months of bill credits to them. Frontier has fully cooperated with ORS's requests for information regarding the event. Also, although any audit of its USF expenditures is

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<sup>1</sup> By filing this response, Frontier does not waive its right to respond to the ORS's petition within 30 days of service as provided in S.C. Code Reg. 103-830(B)(2).

<sup>2</sup> Letter of Susan Miller, November 1, 2019, reporting to the Commission on the service outage. Docket No. 2009-220-C.

<sup>3</sup> Letter of Susan Miller, November 4, 2019, reporting restoration of service. Docket No. 2009-220-C.

<sup>4</sup> Order No. 2019-755 and Letter of Susan Miller, November 15, 2019, reporting preventative measures. Docket No. 2009-220-C.

unnecessary -- even with USF support Frontier is suffering a net loss on its regulated operations in South Carolina -- Frontier will also cooperate with any audit of its USF funding. Yet, ORS requests the Commission order suspension of Frontier's statewide USF support while ORS audits Frontier's use of these funds for an indeterminate period of time. The ORS would have the Commission hand down a sentence before holding a trial, and its request is neither supported by law nor regulation.

### **The State Universal Service Fund**

The State Universal Service Fund was established at the direction of the General Assembly:

In continuing South Carolina's commitment to universally available basic local exchange telephone service at affordable rates and to assist with the alignment of prices and cost recovery with costs, and consistent with applicable federal policies, the commission shall establish a universal service fund (USF) for distribution to a carrier of last resort.

S.C. Code Ann. § 58-9-280

The Code defines a carrier of last resort as a:

facilities-based local exchange carrier, as determined by the commission, not inconsistent with the federal Telecommunications Act of 1996, which has the obligation to provide basic local exchange telephone service, upon reasonable request, to all residential and single-line business customers within a defined service or geographic area.

S.C. Code Ann. § 58-9-10

Frontier is a "carrier of last resort" which served 27,763 customers in South Carolina in 2018. 2018 Annual Report of Frontier. p. 5. It had \$646,242,704 of telecommunications plant in service, and \$5,825,557 plant under construction during that year. *Id.* Frontier lost \$3,207,629 on its regulated operations in 2018.

The Commission implemented the USF statutory mandate by holding three rounds of proceedings and directing a phased-in approach. *See Office of Regulatory Staff v. S.C. PSC*, 374 S.C. 46, 52, 647 S.E.2d 223, 226 (2007). In Order No. 2001-419 implementing the USF, the Commission recognized that a competitive environment served to adversely impact the availability of affordable basic telephone service by causing a decline in the subsidies intended to support affordable local rates in high-cost areas. In implementing the USF, the Commission determined that the policy advanced by the USF would be best met by eliminating implicit support for basic local telephone service in favor of explicit support. In so doing, the Commission reduced intrastate switched access charges, which were priced above cost and provided significant implicit support, by 50% and authorized carriers of last resort to recover that amount through USF subsidies. The reduction brought South Carolina's intrastate access charges more in line with the southeast region and resulted in considerable savings to consumers. Order No. 2001-419 at pp. 32-34. Thus, the USF is, in effect, a bargain between the incumbent local exchange carriers ("ILEC") and the State, in which the ILEC would reduce its rates in exchange for receiving a subsidy through the USF. While the ORS seeks to withhold USF support to Frontier, the ORS disregards the corresponding rate reduction Frontier has made pursuant to the USF.

### Argument

ORS's request must be rejected because it: 1) violates the Administrative Procedures Act 2) fails to state a cause of action; 3) is based on speculation, 4) is not authorized by law, and 5) would cause Frontier irreparable harm.

#### **1. ORS's request violates the Administrative Procedures Act.**

The ORS seeks an order granting relief by November 27, 2019 - within 19 days of filing its Petition. The South Carolina Administrative Procedures Act ("APA") requires the Commission

to provide Frontier a hearing on the ORS's Petition after not less than 30 days' notice. S.C. Code Ann. § 1-23-320(A). Under the APA: "Opportunity must be afforded all parties to respond and present evidence and argument on all issues involved." S.C. Code Ann. § 1-23-320(E). The Commission's regulations, S.C. Code Ann. Reg. 103-830(B)(2), also give Frontier 30 days to respond to the ORS's Petition. Time does not permit a hearing on ORS's expedited Petition before November 27, 2019 as it requests. Frontier is entitled to a meaningful opportunity to respond to ORS's Petition, and any suspension of funding must be based on an evidentiary foundation. *Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff*, 392 S.C. 96, 109, 708 S.E.2d 755, 762 (2011). Depriving Frontier of this authorized disbursement of USF funds without these procedural safeguards would violate its right to due process. S.C. Const. art I, § 22. The Commission should therefore deny the ORS's petition.

## **2. ORS's Petition Fails to State a Cause of Action.**

ORS asks the Commission to suspend Frontier's USF support while it audits Frontier's spending in South Carolina for an unspecified period. Petition, p. 1. It would not be appropriate, lawful, or in the public interest to suspend Frontier's statewide funding because of a discrete outage event that has been remedied by the carrier.

ORS's Petition is also deficient because it requests no ultimate relief. It only asks for temporary suspension of Frontier's USF funding while the ORS conducts an audit. As the petitioner, ORS bears the burden of proof, but it fails to state what it intends to prove. ORS merely wants to suspend Frontier's funding because it is concerned "whether Frontier has been utilizing the USF it receives from South Carolina for the programs for which the funds were intended, including investing and maintaining its South Carolina network to provide basic telephone

service.” Petition, p. 8. ORS cites no specific statutory or regulatory requirements it believes Frontier *may* have violated.

**3. The ORS’s Petition is based on mere speculation.**

ORS’s Petition only offers speculation to support its request:

1. “Frontier representatives made comments regarding the antiquated nature of the equipment no longer supported by the manufacture which caused the [St. Luke’s] outage.” Petition, p. 8.
2. “It is unclear how much additional equipment Frontier has in South Carolina that is in such an antiquated state as the equipment at issue here that served the St. Luke’s Community. *Id.*”
3. “ORS has received information suggesting insufficient local technicians were available to work on the problem as part of the outage” *Id.*

The Petition fails to state a cause of action, let alone provide a sufficient basis for injunctive relief. It would not be appropriate, lawful, or in the public interest to suspend Frontier’s statewide funding based on the hearsay and conjecture quoted above.

**4. ORS requests relief not authorized by law.**

S.C. Code § 58-9-280(E) does not authorize the Commission to reduce Frontier’s USF disbursements based upon a complaint of a single instance of inadequate service, as the ORS suggests. Instead, S.C. Code § 58-9-280(E)(7) authorizes the Commission to make administrative adjustments to the contribution or distribution levels based on yearly reconciliations. *See* Order No. 2014-453 (approving joint application of ORS and AT&T for reimbursement and credit to the USF of amounts overpaid to AT&T). Here, the ORS is seeking a reduction in USF disbursements to Frontier based upon a single instance of alleged inadequate service quality. S.C. Code § 58-9-280(E) does not authorize the Commission to grant emergency relief. Accordingly, the ORS Petition fails to state a cause of action.

The ORS would rely on S.C. Code Ann. § 58-9-770 as authority for expedited relief.

Whenever it shall appear that any telephone utility is failing or omitting, or about to fail or omit, to do anything required of it by law or by order of the commission or is doing anything, or about to do anything, or permitting anything, or about to permit anything, to be done contrary to or in violation of law or of any order of the commission, an action or proceeding shall be prosecuted by the regulatory staff in any court of competent jurisdiction in the name of the Office of Regulatory Staff or the State for the purpose of having such violation or threatened violation discontinued or prevented, either by mandamus, injunction, or other appropriate relief and in such action or proceeding it shall be permissible to join such other persons or corporations as parties thereto as may be reasonably necessary to make the order of the court in all respects effective.

S.C. Code Ann. § 58-9-770

But the ORS's reliance on S.C. Code Ann. § 58-9-770 is misplaced. Nothing in Section 58-9-770 authorizes the Commission to grant preliminary relief. Section 58-9-770 only authorizes the ORS to seek injunctive relief in the Circuit Court if a statute or Commission order is being violated. By ORS's own admission there is no "failure or omission" to enjoin.

##### **5. Suspending USF Support Would Cause Frontier Irreparable Harm.**

Frontier's regulated operations lost \$3,027,629 in 2018. Frontier receives USF support as a carrier of last resort in an average amount of \$550,487 per month. As shown by the Affidavit of Allison M. Ellis ("Exhibit 1"), Frontier's USF support exceeded its total net income of \$5,126,856 for regulated and unregulated activities in South Carolina. Losing USF support would seriously harm the company's operations – and, importantly, its ability to provide universal service to South Carolinians in its service area. The Commission must preserve this funding as the *status quo ante* if this matter is allowed to proceed. *Zabinski v. Bright Acres Assocs.*, 346 S.C. 580, 601, 553 S.E.2d 110, 121 (2001) ("The sole purpose of a temporary injunction is to preserve the status quo and thus avoid possible irreparable injury to a party pending litigation") citing *Powell v. Immanuel Baptist Church*, 261 S.C. 219, 199 S.E.2d 60 (1973).

## CONCLUSION

On November 8, 2019, the ORS served discovery on Frontier as a part of its audit and has requested responses by December 2, 2019. By serving discovery on Frontier, the ORS acknowledges that it does not have all the facts. Worse still, the ORS proposes that the Commission take the unprecedented, drastic action to reduce Frontier's USF disbursements without having all of the facts.

The ORS request is without precedent. It seeks relief that would disrupt Frontier's efforts to provide telecommunications services to its customers. In addition, the loss of USF disbursements as the result of a single instance of alleged inadequate service quality would set a precedent that would prove disruptive to the administration of the USF.

As a carrier of last resort, Frontier is entitled to receive USF funding, and ORS has failed to meet its burden of proof to show otherwise.

Respectfully submitted,

*s/ Charles L.A. Terreni*

Date: November 18, 2019

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 S.C. Bar No. 1872

## **EXHIBIT 1**



**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2019-352-C**

Expedited Petition of the Office of Regulatory  
Staff to Suspend and Hold Universal Service  
Fund Disbursements to Frontier  
Communications of the Carolinas, LLC

AFFIDAVIT OF  
ALLISON M. ELLIS

Being duly deposed and sworn, Affiant states:

1. My name is Allison M. Ellis. My position is Senior Vice President, Governmental and External Affairs, with responsibilities, among other things, for the compliance of Frontier Communications of the Carolinas LLC ("Frontier") with the rules, regulations, directives, orders and requirements of the Public Service Commission of South Carolina. I am generally familiar with Frontier's operations and finances.
2. I have reviewed the ORS's petition in the above-captioned docket in which it seeks authorization to withhold distributions to Frontier from the South Carolina Universal Service Fund ("USF") while it conducts an audit of Frontier's expenditure of USF funds.
3. During 2019, Frontier has contributed \$354,596 to the USF as required by law.
4. During 2019, Frontier has received and recorded monthly distributions totaling \$6,605,854 as allowed by law, averaging \$550,487 a month.
5. Upon information and belief, Frontier is complying with the legal requirements for receiving distributions from the USF.
6. Frontier depends on distributions from the USF to offset the cost of providing service to its customers in South Carolina.

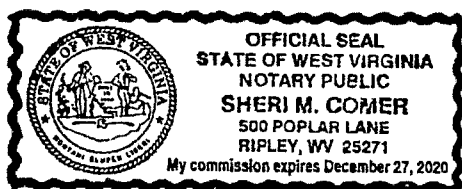
7. Suspending Frontier's USF distributions likely would cause serious and irreparable harm to Frontier and its customers. Attached to this Affidavit is Frontier's most recent Annual Report to the Commission, which is for year-end 2018. As the Commission can see, for regulated operations, Frontier had a net *loss* of \$3,207,629 in 2018. Even after adding in nonregulated net income, Frontier had net income of only \$5,126,856. Suspending the approximately \$6.6 million in USF distributions would seriously jeopardize Frontier's ability to provide adequate service as the carrier of last resort in the areas which it serves.

Further Affiant sayeth not.

A. Ellis

Sworn and Subscribed to Me  
This 18th day of November, 2019

Sheri M. Comer  
Notary Public for the State of West Virginia



# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

**Frontier Communications of the Carolinas LLC**

**Exact Legal Name of Respondent**

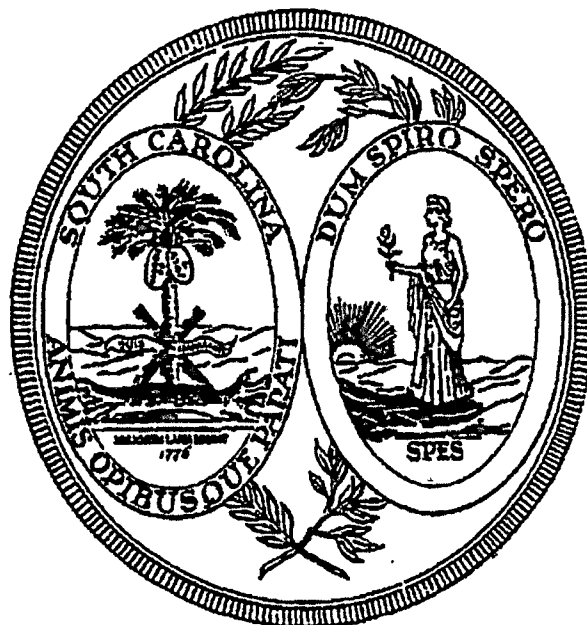
**PSC/ORS Number (leave blank)**

**FOR THE YEAR ENDED 2018**

☒ Calendar Year Ending December 31, 2018

or

☐ Fiscal Year Ending \_\_\_\_\_



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## GENERAL INSTRUCTIONS

1. All Telecommunications Companies holding a South Carolina Certificate of Public Convenience and Necessity are required by state law to complete and file this annual report for their South Carolina operations. Two copies should be mailed to the South Carolina Office of Regulatory Staff, 1401 Main Street-Suite 800, Columbia, SC 29201 by April 1, 2019. A third copy should be retained by the company for reference. Upon receipt, the Office of Regulatory Staff will forward one copy to the Public Service Commission of South Carolina. Filing two copies with the Office of Regulatory Staff will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations.
2. All forms are available in PDF Format on the Office of Regulatory Staff web site at: [www.ORS.sc.gov](http://www.ORS.sc.gov)
3. Where no information is available for an item in the report, "0," None, or Not Applicable are appropriate responses.
4. All accounting terms and phrases used in this report are to be interpreted in accordance with the Uniform System of Accounts prescribed in Part 32 of the Code of Federal Regulations (CFR) or in accordance with Generally Accepted Accounting Principles if your company has specific permission from the Commission to use GAAP for financial reporting and record keeping.
5. Throughout this report, money items will be rounded to the nearest dollar.
6. Failure to comply with the submission of the annual report may result in fines and/or revocation of Certificate of Public Convenience and Necessity.
7. The Authorized Utility Representative Form has been incorporated into this Annual Report.
8. Separate notification is required for changes in company contact information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.  
The Authorized Utility Representative Form can be downloaded at: [www.ORS.sc.gov](http://www.ORS.sc.gov)
9. Contact the Office of Regulatory Staff at (803) 737-0819 if you have questions about this form or the requirements for a Telecommunications Company.
10. FORM MUST BE COMPLETED EVEN IF REPORTING ZERO

Telecommunications Carriers			
<b>AUTHORIZED UTILITY REPRESENTATIVE FORM</b>			
<b>CERTIFICATED COMPANY INFORMATION</b>			
Company Name: Frontier Communications of the Carolinas LLC			
DBA/FKA: Frontier Communications of the Carolinas LLC		Telephone # 570-631-5003	
Mailing Address: 100 CTE Drive			
City: Dallas	State: PA	ZIP Code: 18612	
Check classifications granted by certificate	ILEC <input checked="" type="checkbox"/>	IXC <input type="checkbox"/>	CLEC <input type="checkbox"/> Wireless ETC <input type="checkbox"/>
<b>REGISTERED AGENT INFORMATION</b>			
Registered Agent:			
Mailing Address:			
City:	State:	ZIP Code:	

As required by Commission rules and regulations  
Print or type company contact person and contact information for the areas listed below:

<b>UTILITY REPRESENTATIVE INFORMATION</b>			
<b>General Manager</b>			
Name: Christopher Joseph			
Address: 725 E Markham Ave			
City: Durham	State: NC	ZIP Code: 27701	
Phone: 562-972-9525	Email: christopher.a.joseph@ftr.com	Fax: 562-972-9525	
<b>Emergency Contact – Non Office Hours</b>			
Name: Frontier Communications			
Phone: 1-800-921-8106	Email:	Fax:	
<b>Customer Relations/Complaints Rep</b>			
Name: Susan Miller			
Address: 3833 S Alston Avenue			
City: Durham	State: NC	ZIP Code: 27713	
Phone: 919-941-0421	Email: susan.miller@ftr.com	Fax: 919-941-0421	
<b>Complaints Rep for Complaint Escalation</b>			
Name: Kenneth Mason			
Address: 6980 Pittsford Palmyra Rd			
City: Fairport	State: NY	ZIP Code: 14450	
Phone: 585-777-5645	Email: ken.mason@ftr.com	Fax: 585-262-5625	
<b>Customer Toll Free Contact Number:</b>			
<b>Engineering Operations</b>			
Name: Chad Foster			
Address: 725 E Markham Ave			
City: Durham	State: SC	ZIP Code: 27701	
Phone: 919-471-3654	Email: chad.d.foster@ftr.com	Fax: 919-471-3767	
<b>Test and Repair</b>			
Name: Susan Miller			
Address: 3833 S Alston Avenue			
City: Durham	State: NC	ZIP Code: 27713	
Phone: 919-941-3411	Email: susan.miller@ftr.com	Fax: 919-941-0421	

UTILITY REPRESENTATIVE INFORMATION			
<b>Regulatory Officer</b>			
Name & Title: Susan Miller			
Address: 3833 S Alston Avenue			
City: Durham	State: NC	ZIP Code: 27713	
Phone: 919-941-3411	Email: susan.miller@ftr.com	Fax: 919-941-0421	
<b>Annual Report Form Mailings</b>			
Name & Title: Jessica Matushek			
Address: 100 CTE Dr			
City: Dallas	State: PA	ZIP Code: 18612	
Phone: 570-631-5003	Email: jessica.matushek@ftr.com	Fax: 570-631-8026	
<b>Dual Party Invoice Mailings</b>			
Name & Title: Jessica Matushek			
Address: 100 CTE Dr			
City: Dallas	State: PA	ZIP Code: 18612	
Phone: 570-631-5003	Email: jessica.matushek@ftr.com	Fax: 570-631-8026	
<b>Universal Service Fund Mailings</b>			
Name & Title: Jessica Matushek			
Address: 100 CTE Dr			
City: Dallas	State: PA	ZIP Code: 18612	
Phone: 570-631-5003	Email: jessica.matushek@ftr.com	Fax: 570-631-8026	
<b>Gross Receipts Mailings</b>			
Name & Title: Jessica Matushek			
Address: 100 CTE Dr			
City: Dallas	State: PA	ZIP Code: 18612	
Phone: 570-631-5003	Email: jessica.matushek@ftr.com	Fax: 570-631-8026	
<b>Lifeline Contact</b>			
Name & Title: Jessica Matushek			
Address: 100 CTE Dr			
City: Dallas	State: PA	ZIP Code: 18612	
Phone: 570-631-5003	Email: jessica.matushek@ftr.com	Fax: 570-831-8026	

ANNUAL REPORT PREPARER INFORMATION	
This form was completed by: Jessica Matushek	
Title: Director Accounting	Date: 3/25/2019

### Company Officers

Title of Officer	Name of Person Holding Office
President	Daniel Mccarthy
Vice-President	Ken Arndt
Secretary	Mark Nielsen
Treasurer	Sheldon Bruha
Gen. Manager or Supt.	

**Contact Information (If different from above)**

Contact Name: <u>Jessica Matushek</u>		
Title: <u>Director Accounting</u>		
Street Address: <u>100 CTE Dr</u>		
City: <u>Dallas</u>	State: <u>PA</u>	Zip: <u>18612</u>
Telephone Number: <u>(570) 631-5003</u>		E-mail: <u>jessica.matushek@ftr.com</u>

If the company did not operate in South Carolina during the reporting year, please sign below and complete the affidavit on page 9. No other entries are required.

I certify that this company did not operate in South Carolina during the reporting year.

\_\_\_\_\_. Signature



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule 1- South Carolina Income Statement**

Year Ending December 31, 2018 or Fiscal Year Ending \_\_\_\_\_

<u>Operating Revenues:</u> <u>(Retail &amp; Wholesale)</u>	<u>G/L Account #'s</u>	<u>Total</u>	<u>Intrastate Only</u>
Local Network Service Revenues	5000	13,332,710	13,332,710
Network Access Service Revenues	5080	27,601,788	8,462,580
Long Distance Revenues	5100-5160	179,057	179,057
Miscellaneous Revenues	5200	1,851,192	1,568,860
Uncollectible Revenues	5300	(579,980)	(245,030)
<b>Total Operating Revenues</b>		<b>42,384,767</b>	<b>23,298,177</b>
<u>Operating Expenses:</u>			
<b>Total Operations Expenses &amp; Taxes</b>	6112-7250	<b>45,592,396</b>	
<b>Net Income from Operations</b>		<b>(3,207,629)</b>	
Nonoperating Items Including Interest	7300	137,916	
Non-regulated Net Income	7990	8,196,569	
<b>Net Income</b>		<b>5,126,856</b>	

<b>Schedule 2- South Carolina Telecommunications Plant In Service</b>		
<u>Description</u>	<u>G/L Account #'s</u>	<u>Balance at Close of Year</u>
<u>Telecommunications Plant</u>		
Telecommunications Plant in Service	2001	646,242,704
Property Held for Future Use	2002	0
Telecommunications Plant under Construction	2003	5,825,577

**Schedule 3- South Carolina End-User Access Lines and Equivalent Access Lines  
Year Ending 12/31/2018**

All certificated carriers must complete schedule 3.

- IXC's must complete Line 4
- Wholesale Carriers or network providers must complete Line 5.

Wireless ETCs must complete Lines 6-8

<b>1.</b>	<b>Total Business End User Circuit Based Access Lines</b>	20,139
<b>2.</b>	<b>Total Residential End User Circuit Based Access Lines</b>	20,307
<b>3.</b>	<b>Total End User Circuit Based Access Lines</b>	40,446
<b>4.</b>	<b>Total Number of Customers</b>	27,763
<b>5.</b>	<b>Total Wholesale Customers</b>	0

<b>6.</b>	<b>Total Lifeline Customers provided Lifeline via resold service from an underlying carrier</b>	0
<b>7.</b>	<b>Total Lifeline Customers provided Lifeline via facilities owned or leased</b>	140
<b>8.</b>	<b>Total Lifeline Customers</b>	140

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS	
SCHEDULE 4: INTEREXCHANGE COMPANIES (IXC) AND ALTERNATIVE OPERATOR SERVICE ("AOS") PROVIDERS	
Frontier Communications of the Carolinas LLC	
COMPANY NAME _____	
ADDRESS _____	PHONE NUMBER _____
CITY, STATE, ZIP CODE _____	FAX NUMBER _____
1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31, 2018 OR FISCAL YEAR. \$ _____	
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31, 2018 OR FISCAL YEAR. \$ _____	
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS ENDING DECEMBER 31, 2018 OR FISCAL YEAR:	
Gross Plant located in or allocated to South Carolina operations \$ _____	
CWIP located in or allocated to South Carolina operations \$ _____	
Land located in or allocated to South Carolina operations \$ _____	
Accumulated Depreciation of South Carolina Plant (\$ _____)	
Net Rate Base located in or allocated to South Carolina operations \$ _____	
4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING DECEMBER 31, 2018 OR FISCAL YEAR:	
LONG TERM DEBT \$ _____	
EQUITY \$ _____	
5. PARENT'S AVERAGE RATE OF INTEREST ON LONG TERM DEBT _____ %.	
6. <u>CONTACT PERSON FOR ALL FINANCIAL INQUIRES AND REPORTING:</u>	
NAME _____	
ADDRESS IF DIFFERENT FROM COMPANY _____	
TELEPHONE NUMBER _____	

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS - CONTINUED****SCHEDULE 4: INTEREXCHANGE COMPANIES (IXC) AND ALTERNATIVE OPERATOR  
SERVICE ("AOS") PROVIDERS**

7. **ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 PREVIOUS PAGE) (USE BACK IF NEEDED)**

**NAME OF OFFICER SIGNING FORM (PRINT OR TYPE)** Jessica Matushek

**SIGNATURE** Jessica Matushek

**TITLE** Director Accounting

Affidavit

State of <u>Pennsylvania</u>	
County of <u>Luzerne</u>	
I, <u>Jessica Matushek</u> of the	
<u>Frontier Communications of the Carolinas LLC</u> Company	
hereby certify that the foregoing Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.	
<u>Jessica Matushek</u> Signature	
Subscribed and sworn to before me this <u>8th</u> day of <u>MARCH</u> <u>2019</u>	
<u>Joanna Straley</u> Notary Public	COMMONWEALTH OF PENNSYLVANIA NOTARIAL SEAL Joanna Straley, Notary Public Dallas Twp., Luzerne County My Commission Expires Dec. 1, 2020 MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES
Commission Expires <u>Dec 1, 2020</u>	